

Message Text

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C O N F I D E N T I A L MADRID 2224

E.O. 11652: GDS

TAGS: MASS, SP

SUBJECT: SUMMARY ASSESSMENT OF SECURITY ASSISTANCE
PROGRAM IN SPAIN

REF A. STATE 15489 B. MADRID 3843

1. SINCE ITS INCEPTION IN 1953, SECURITY ASSISTANCE TO SPAIN HAS BEEN IN ESSENCE A "QUID" IN EXHCANGE FOR US MILITARY BASING FACILITIES. CONSEQUENTLY, THE FORM (SALES, GRANTS, LOANS) AND MAGNITUDE HAVE ALWAYS BEEN CLOSELY TIED TO SO-CALLED BASES AGREEMENTS" WHICH HAVE BEEN NEGOTIATED SINCE THAT TIME. AS NOTED, THEN, IN REF B, NEED FOR SUCH ASSISTANCE EMENATES FROM OBJECTIVES OF NOT ONLY FULFILLING OUR COMMITMENTS UNDER THESE AGREEMENTS-- MOST RECENTLY THE 1970 AGREEMENT OF FRIENDSHIP AND COOPERATION -- BUT ALSO OF MAINTAINING CONDITIONS FAVORABLE FOR SATISFACTORY RENEWAL OF SIMILAR FUTURE ARRANGEMENTS THAT WE HAVE DETERMINED TO BE IMPORTANT TO OUR NATIONAL SECURITY INTERESTS.

2. NEGOTIATIONS FOR RENEWAL OF CURRENT AGREEMENT ARE NOW UNDER WAY, AND LATHOUGH SPANISH HAVE STRONGLY INDICATED THAT THEY WILL BARGAIN FOR US PARTICIAPATION IN BRIDGING
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GAP BETWEEN THEIR NEEDS, AND RESOURCES FOR ARMED FORCES

MODERNIZATION PROGRAM, WE HAVE NO IDEA YET AS TO SPECIFICS OR MAGNITUDE. THOSE FIGURES ALREADY PROVIDED IN POM REPRESENT ONLY FMS, OM, AND US COMMERCIAL SALES AND THUS MAY WELL BE REVISED BY "QUID" ARRANGEMENT TO BE WORKED OUT IN CONNECTION WITH NEW AGREEMENT.

3. SPANISH ARE AT THE PRESENT WRITING DOING VIRTUALLY ALL THEIR OWN DEFENSE FINANCING AND PROCUREMENT. OUTSIDE RESOURCES, INCLUDING US ASSISTANCE, THIS YEAR REPRESENT LESS THAN ONE PERCENT OF TOTAL SPANISH DEFENSE EFFORT AND ARE DECLINING. SPANISH ARE PRODUCING, IN SOME CASES EFFICIENTLY, IN OTHER CASES NOT, INCREASINGLY SIGNIFICANT PORTIONS OF THEIR OWN MATERIEL NEEDS UNDER CO-PRODUCTION ARRANGEMENTS WITH FOREIGN FIRMS, OR USING DATA PACKAGES PROVIDED BY US AND OTHER COUNTRIES. SPANISH HAVE ASSERTED ON OCCASION THEY CAN UNDERWRITE FUTURE PROCUREMENT FROM ABROAD AND WILL NOT BE LOOKING FOR "HANDOUTS" UNDER FUTURE AGREEMENT, ALTHOUGH THEY HOPE TO OBTAIN FROM USG FAVORABLE CREDIT TERMS FOR SIGNIFICANT PORTION OF PROCUREMENT FROM US PRODUCERS. RATIONALE FOR FUTURE SECURITY ASSISTANCE TO SPAIN, HOWEVER, WILL NOT BE BASED ENTIRELY ON SPAIN'S ABILITY TO PAY BUT ALSO ON SPANISH EXPECTATIONS OF AMOUNT OF QUID JUSTIFIED IN EXCHANGE FOR CONTINUATION OF U.S. MILITARY FACILITIES. IF SPAIN FAILS IN CURRENT NEGOTIATIONS TO ACHIEVE A SUFFICIENT MEASURE OF THE POLITICAL OBJECTIVES IT HAS ESTABLISHED FOR ITSELF, WE COULD REASONABLY EXPECT THE QUID TO ASSUME A LARGER DIMENSION FOR SPAIN IN THE ULTIMATE TERMS OF THE NEW AGREEMENT.

4. DEPARTMENT IS BETTER ABLE TO ASSESS COMPLEX QUESTION OF RELATIONSHIP OF BASING FACILITIES TO U.S. SECURITY INTERESTS AND APPROPRIATE LEVEL OF SECURITY ASSISTANCE IN LIGHT OF THAT IMPORTANCE. WE BELIEVE, HOWEVER, SPANISH ARE GENERALLY SATISFIED WITH MANNER IN WHICH WE HAVE LIVED UP TO OUR SECURITY ASSISTANCE COMMITMENTS UNDER 1970 AFC. IN THAT SENSE, LEVEL OF SECURITY ASSISTANCE WE HAVE PROVIDED TO SECURE AND MAINTAIN FACILITIES HAS SATISFACTORILY ACHIEVED ITS INTENDED PURPOSE. BUT WHILE SPANISH GENERALLY SATISFIED WITH MANNER IN WHICH WE HAVE LIVED UP TO OUR COMMITMENTS UNDER 1970 AFC, THERE WERE CERTAIN AREAS WHICH RAISED PROBLEMS, SUCH AS ITEMS WHICH US FURNISHED WHICH SPANISH CONSIDERED OLD, SECOND RATE EQUIPMENT -- SPECIFICALLY, WELL USED M48 TANKS, WWII VINTAGE

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SHIPS, USED HELICOPTERS, AND OBSOLESCEANT ANTI-AIRCRAFT SYSTEMS. SPANISH ALSO ENCOUNTERED SOME PROBLEMS (ALTHOUGH THIS WAS NO US RESPONSIBILITY) IN MAINTAINING NEWER SYSTEMS SUCH AS F-4C'S. THESE PROBLEMS, ALTHOUGH GENERALLY OVERCOME, HAVE LEFT FEELING AMONG SPANISH THAT THEY SHOULD OBTAIN A "BETTER DEAL" IN TERMS OF ARMS AND TECHNOLOGY ASSISTANCE FROM US IN PRESENT ROUND OF NEGOTIATIONS. THIS FEELING WILL HAVE TO BE TAKEN INTO ACCOUNT WITH RESPECT TO WHATEVER SECURITY ASSISTANCE MAY EMERGE

FROM NEGOTIATIONS.

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